

State of Alabama

E-government Funding Model

The State of Alabama has adopted a “self-funding” model for the development, implementation, and operation of e-government services in Alabama. The premise of the “self-funding” model is for a single vendor to develop and operate e-government services based on a “sliding-scale transaction fee” determined by total state monthly volume of transactions. Therefore, the more e-government transactions processed by the State each month, the lower the cost of the transaction to the agency. There are several types of fees associated with the self-funding model.

Definition of Fees

1. **Transaction Fees** - Services provided to the citizen for free with the agency assuming all associated costs are generally referred to as "transaction fees" and are billed directly to the agency each month. *It is generally accepted that this type of service will have a higher acceptance rate.*
 - i. *For Example:* An agency wishes to provide online renewal of a professional license. The agency does not wish to charge more than the statutory amount and decides to pay the cost of processing. All collected fees will be deposited into the [E-government Revenue Account](#). At the end of the month, the agency will receive the total statutory funds and then be billed a “transaction fee” for each transaction based on the total transaction volume for the State to be paid to the E-government Revenue Account. If the fees are not statutory, then the agency may elect to

have the transaction fees withheld automatically. Under this contract, the maximum allowable fee is \$4.50 per transaction.

2. **Convenience Fees** - Services provided to the citizen where the citizens pay a fee are generally referred to as a "**convenience fee**" and are billed directly to the taxpayer at the time of transaction. *It is generally accepted that this type of service will have a lower acceptance rate.*

- i. *For Example:* An agency wishes to provide online renewal of a professional license. The agency wishes to charge the licensee more than the designated amount of the license renewal for a convenience fee. At the end of the month, the agency will receive the total designated fees. A "convenience fee" for each transaction based on the total transaction volume for the State will be withheld automatically in the E-government Revenue Account. Under this contract, the maximum allowable fee is \$4.50 per transaction

3. **Premium Services** - An individual or business that gains significant value from the accessibility of information electronically in the timeframe that meets their needs would primarily use premium services. Premium services will be offered for a transaction and/or subscription fee to be determined between the agency and ALABAMA INTERACTIVE. These fees will be billed to the customer on a regular basis, generally each month.

- i. *For Example:* A business requests regular queries for licensee information and verification. This query capability is established through the Internet and provided through a secure and controlled

access. Rather than charge a “per convenience fee” to the business, the agency may provide unlimited access each month for a fixed fee. This “premium service” amount charged to the business is defined by the agency and is billed to the business each month by ALABAMA INTERACTIVE. These funds are transferred, as agreed between the agency and ALABAMA INTERACTIVE, from the E-government Revenue Account minus a negotiated processing fee for ALABAMA INTERACTIVE.

4. **Statutory Fees** – These are fees, taxes and assessments fixed and established by statute, ordinance, resolution, or other law or regulation to obtain a copy of a record, obtain a license or permit, or otherwise to engage in a transaction with an agency.
5. **Merchant Services Fees** – These are generally fees charged by the financial institution to handle credit card processing of payments. Merchant services fees are included in the fixed rate transaction and convenience fees. Agencies wishing to only process electronic payments are charged a fixed percentage of the amount of the charge for the transactions.
 - i. *For Example:* An agency already has developed an online license renewal program but does not provide for electronic payment. The agency wishes to allow electronic payment of the license online. The agency will link their application to ALABAMA INTERACTIVE’s payment portal for processing. AI will transfer these payments from the E-government Revenue Account on a

regular basis to the agency and withhold a fixed percentage of the amount of the transaction, in this contract the amount is fixed at 4% of the total payment.

6. **Enhanced Access Fees** - These fees include convenience, electronic access, or electronic delivery charges associated with electronic delivery of a record, or electronic filing of a transaction that are established in connection with the State's E-government Portal or otherwise specifically identified in an Agency Agreement as an Enhanced Access Fee.
7. **Consulting Services** - State agencies may have a need for assistance in designing Web pages, publishing content or developing the back-end interfaces to support the service delivery application. These consulting services will be paid on an hourly rate for designated classifications for use by the state agencies for such services. The hourly rate is a fully burdened rate that includes, labor, per diem, travel, overhead and any other costs related to the service.

Definition of Services

The State of Alabama e-government contract provides for several different e-government services. There are two broad categories of services. One category provides online e-government services and Interactive Voice Response (IVR) capability. The other category provides online e-government services only. As such, the fee schedules reflect different fees depending on the IVR requirements of the agency. Each agency is free to determine whether they wish to provide IVR capability as part of their services.

The State of Alabama e-government contract provides for five (5) primary types of services as follows:

1. **Application and Merchant Services** – These are e-government services where the application is developed and hosted by ALABAMA INTERACTIVE on behalf of the agency. All development, operational and merchant service fees are recovered by the transaction or convenience fee. Merchant service fees are costs charged by the financial institution that handles the credit card transactions. The specific fees are identified in the [Application and Merchant Services Fee Schedule](#).
2. **Application Services** – These are e-government services where the application is developed and hosted by ALABAMA INTERACTIVE on behalf of the agency. All development and operational costs are recovered by the transaction or convenience fee. There is no payment processing involved so there are no merchant services fees (MSF) included in the cost. The specific fees are identified in the [Application Service Fee Schedule](#).
3. **Merchant Services** – These are e-government services provided by ALABAMA INTERACTIVE to agencies to process electronic payments from online services developed and hosted by the agency. The agency will electronically link to the payment portal of ALABAMA INTERACTIVE for payment processing. The specific fees are identified in the [Merchant Service Fee Schedule](#).
4. **Consulting Services** – Agencies may have the need to develop e-government applications where there is no fee schedule to recover the cost of development. Agencies will be allowed to contract with ALABAMA INTERACTIVE for online

e-government application development, backend interfaces for e-government applications and web development. The specific fees are identified in the

[Consulting Services Fee Schedule.](#)

5. **Subscription Services** – Agencies may have a need to provide electronic access to information for other entities on a continuous basis. It may not be practical to charge a transaction fee for each inquiry. An alternative would be to charge a monthly subscription service. This charge is not fixed by the contract and is negotiable between the agency and ALABAMA INTERACTIVE.